

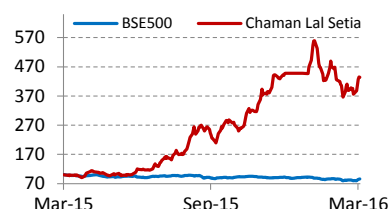
# Chaman Lal Setia Exports Ltd.

## Market data

Current price*	Rs 63.8 (BSE)
Market cap *	Rs 600.6 m
Face value	Rs 2
BSE Code	530307
No. of shares	9.4 m
Free float	24.9%
52 week H/L*	Rs 78.4 /12.4

\*as on 9<sup>th</sup> March 16

## Rs 100 invested is now worth



## Stock price performance

	Chaman Lal	BSE-500
1-Yr	363%	-13%
3-Yr	876%	32%
5-Yr	913%	39%

## Shareholding (Sep-2015)

Category	(%)
Promoters	75.1
DII's	0.0
FII's	0.0
Others	24.9
Total	100.0

## Report prepared by

Equitymaster Agora Research Private Limited.

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## Company overview

Chaman Lal Setia Export Ltd. are one of the oldest and hi-tech rice millers cum exporters of basmati rice of all varieties from India with state-of-the-art processing units based in Karnal, Amritsar, Delhi and corporate office in New Delhi. Their various products are maharani parboiled (converted/muzza) basmati rice, maharani rani (polished) 1121, maharani basmati health rice. The company's specialized parboiled rice is available in golden and white colour. The company is a recognized star export house by the Govt. of India, ISO 9001-2008, HACCP Certified and also out of automatic detention list of Food & Drug Administration (FDA)-USA.

## Company strengths

The company has milling and processing capacity of more than 50,000 million tonnes per annum each of raw and of parboiled Basmati Rice alone. They are located amidst the richest of the Basmati paddy fields- at Amritsar in Punjab and Karnal in Haryana. This gives them an eagle's eye view of more than 140 grain markets spread over more than 4000 square kilometers of rice producing area. The Karnal Sheller also has a SORTEX machine which incorporates the state-of-the-art technology for cleaning rice and removing impurities. The company enjoys a preferred buyer status with the farmers on account of the relationships built over a period of time.

## Industry overview

The consumer products industry has been witnessing robust growth in the past few years backed by strong economic growth and rising rural income. Factors such as rapid urbanisation, evolving consumer lifestyles and emergence of modern trade are driving its growth. The industry is still urban-centric with majority of the goods being consumed by urban India. Metropolitan cities and small towns (population of 1-10 lakh) have been driving FMCG consumption in urban India since 2002. Consumer goods are retailed through two primary sales channels - General Trade and Modern Trade. Supply is abundant in this sector through a distribution network of over 8 million stores across the country. Demand is very high since these goods are required on a daily basis. Competition is faced from domestic unorganized players and established MNCs.

## Financials at a glance

(Rs m)	FY11	FY12	FY13	FY14	FY15
Sales	1,680	2,175	2,725	4,162	5,083
Sales growth (%)	-10.0%	29.5%	25.3%	52.7%	22.1%
Operating profit	112	174	236	322	368
Operating profit margin (%)	6.7%	8.0%	8.7%	7.7%	7.2%
Net profit	60	77	120	182	195
Net profit margin (%)	3.6%	3.5%	4.4%	4.4%	3.8%
No. of shares (m)	0.00	9.09	9.09	9.50	9.50
<b>Balance Sheet</b>					
Current assets	856	950	855	1,350	1,440
Fixed assets	129	142	204	211	222
Investments	1	1	1	1	1
Other assets	2	2	2	2	6
<b>Total Assets</b>	<b>988</b>	<b>1,096</b>	<b>1,063</b>	<b>1,565</b>	<b>1,670</b>
Current liabilities	502	588	429	710	693
Net worth	349	402	518	669	796
Long term debt	127	95	103	172	168
Other liabilities	10	11	13	13	12
<b>Total liabilities</b>	<b>988</b>	<b>1,096</b>	<b>1,063</b>	<b>1,565</b>	<b>1,670</b>

Note: Financial results are consolidated wherever applicable else standalone

## Company Fundamentals

Parameters	FY13	FY14	FY15
Sales per share (Rs)	299.8	438.2	535.2
Sales/Net fixed assets (x)	13.4	19.7	22.9
Operating profit margin (%)	8.7%	7.7%	7.2%
Net profit margin (%)	4.4%	4.4%	3.8%
Inventory days	60.8	59.2	48.9
Debtor days	33.8	41.6	34.2
Fully diluted earnings per share (Rs)	13.2	19.2	20.5
Dividend payout (%)	0.0	0.0	0.0
Debt to equity Ratio (x)	0.2	0.3	0.2
ROE (%)	23.1	27.3	24.5
ROCE (%)	35.0	37.4	37.2
Earnings per share (Rs)	13.2	19.2	20.5

## Quarter Result Trend

	Qtr ending	Dec-14	Mar-15	Jun-15	Sep-15
Net sales	(Rs m)	1,291	1,209	1,307	1,159
Gross profit	(Rs m)	71	147	167	162
Gross profit margin	(%)	5.5	12.2	12.8	14.0
Net profit	(Rs m)	40	76	102	97
Net profit margin	(%)	3.1	6.3	7.8	8.4

## Latest Quarter Result Performance Review

Rs m	Sep-14	Jun-15	Sep-15	QoQ ch	YoY ch
Net Sales	1,293.1	1,307.4	1,158.9	-11.4%	-10.4%
Other income	2.2	0.0	0.0		
Total Income	1,295.3	1,307.4	1,158.9	-11.4%	-10.5%
Expenses	1,210.0	1,140.5	996.9	-12.6%	-17.6%
Gross profit	83.1	166.9	162.1		
Depreciation	6.2	6.6	8.5	28.8%	37.1%
Interest	0.4	6.2	6.5	4.8%	N.A.
Profit before tax	78.7	154.2	147.0	-4.7%	86.8%
Tax	23.4	52.4	49.9	-4.8%	113.2%
Profit after tax	55.4	101.8	97.1	-4.6%	75.3%
Gross profit margin	6.4%	12.8%	14.0%		
Effective tax rate	29.7%	34.0%	34.0%		
Net profit margin	4.3%	7.8%	8.4%		

Note: Quarter results exclude extraordinary / exceptional items | Wherever the results are consolidated we have taken consolidated numbers else standalone. NA = Not applicable. NM = Not meaningful

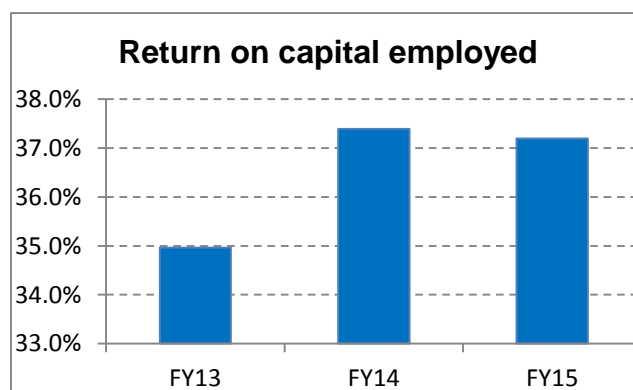
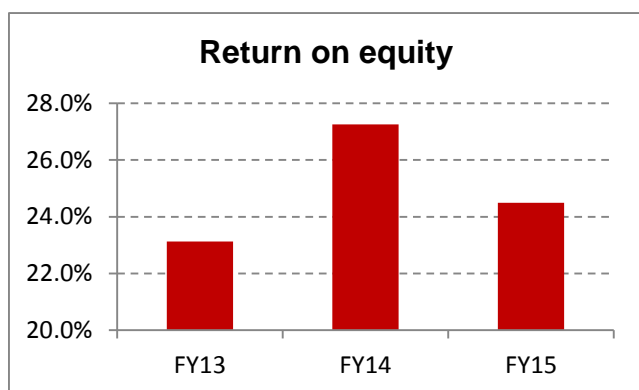
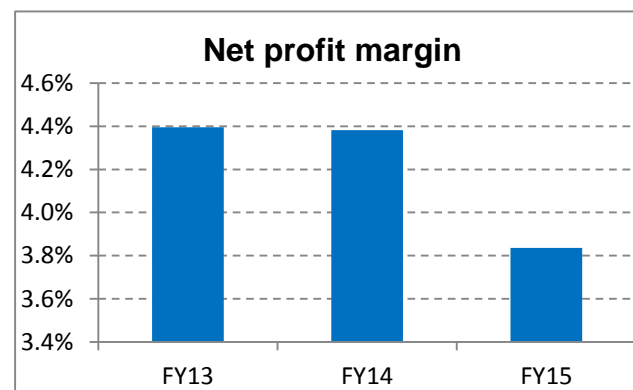
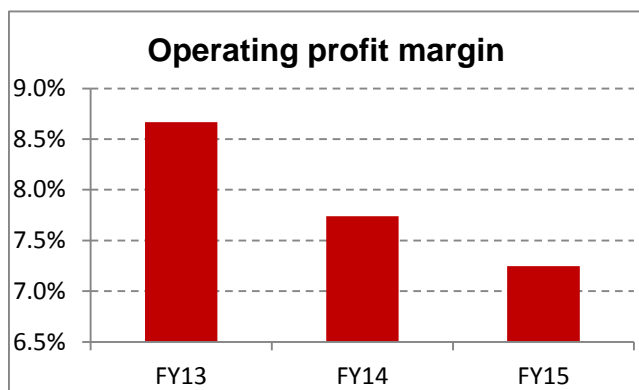
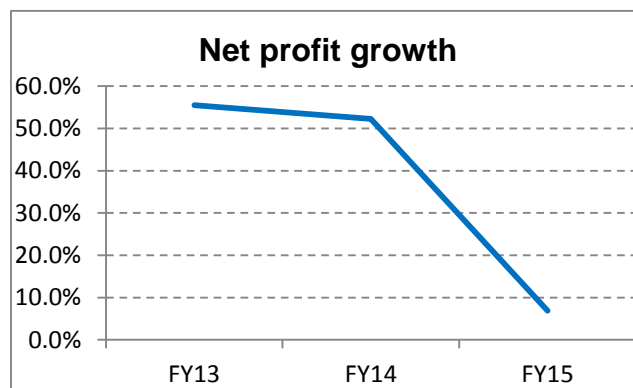
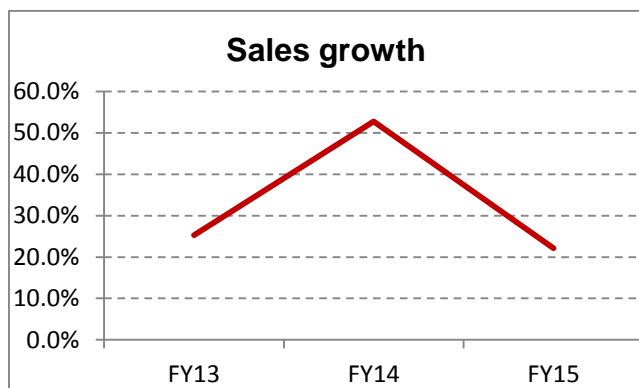
## Result performance review

- During quarter ended September 2015, the company's net sales declined by 11.4% on a quarter on quarter (QoQ) basis and 10.4% on a year on year (YoY) basis.
- Its other income during the quarter ended September 2015 was NIL as compared to Rs 2.2 m during the corresponding quarter of the previous year.
- The company's expenditure was down by 17.6% YoY. As such, it reported operating profit of Rs 162.1 m during the quarter.
- Depreciation increased by 37.1% YoY.
- At the bottom line, the company reported net profit of Rs 97.1 m for the quarter as compared to net profit of Rs 55.4 m during the same quarter of the previous year.
- The company's board recommended dividend of Rs 2 per share for the financial year ending March 2015.

## Current valuation

At the current price of Rs 63.8, the company's stock trades at 2 times its trailing twelve month earnings.

## Charts



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- This report has been prepared exclusively for the BSE Investor Protection initiative.
- The data for this report has been sourced primarily from the company's Annual Report and other publicly available information.
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- Equitymaster insists that it makes no recommendation by way of presenting this report.
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